Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 06090 01 OF 02 211901Z
ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
OMB-01 OIC-02 EUR-12 /103 W
----------021765 211906Z /41
P R 211419Z JUL 77
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 9487
INFO AMEMBASSY BERN

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 6090

USMTN

ACTION STR FOR ALAN WOLFF

E.O. 11652: N/A
TAGS: MTN, EAGR, ETRD
SUBJECT: US-SWISS INTENSIVE BILATERALS

1. THE FOLLOWING IS A SUMMARY OF SWISS MTN POSITIONS ON MAJOR ISSUES FOR USE IN THE UPCOMING BILATERALS JULY 25-26 IN NEUCHATEL. THE SWISS HAVE PLAYED AN ACTIVE AND CONSTRUC-TIVE ROLE IN THE MTN AND HAVE STRONGLY SUPPORTED MOVES

TO ACHIEVE GREATER LIBERALIZATION OF TRADE, ALTHOUGH THIS ATTITUDE HAS NOT EXTENDED TO AGRICULTURAL PRODUCTS. WHILE THEIR ECONOMIC INTERESTS OFTEN PARALLEL THOSE OF THE EC, THE SWISS HAVE GONE TO CONSIDERABLE LENGTHS TO PERSUADE THE US THAT SWITZERLAND HAS WORLD-WIDE TRADE INTERESTS AND DOES NOT INTEND TO BE AN ECHO OF THE COMMUNITY ON ALL MTN ISSUES. THAT THE SWISS TAKE THIS SERIOUSLY IS EVIDENT IN THEIR TARIFF FORMULA PROPOSAL WHICH WAS PRESENTED DESPITE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 06090 01 OF 02 211901Z

THE FACT THAT THE EC WAS LIKELY TO BE IRRITATED BY THE SWISS INITIATIVE.
2. TARIFFS. THE SWISS HAVE BEEN ACTIVE IN THE TARIFFS GROUP AND SUBMITTED THEIR OWN TARIFF FORMULA PROPOSAL - Z EQUALS 14X DIVIDED BY X PLUS 14, WITH Z EQUALLING THE FINAL RATE AND X THE INITIAL RATE. THIS FORMULA, WHICH TOOK THE MIDDLE GROUND BETWEEN THE US AND THE EC FORMU-

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

LAS, WAS FOUND BY MOST DELEGATIONS TO BE OVERLY COMPLEX BUT IT SERVED A USEFUL PURPOSE IN FILLING THE VOID THEN EXISTING BETWEEN THE US AND EC POSITIONS. THE SWISS WERE INITIALLY DUBTFUL ABOUT TAKING THE INITIATIVE AND WERE FINALLY PERSUADED BY US ASSURANCES THAT SUCH A STEP WOULD BE HELPFUL IN MOVING THE NEGOTIATION ALONG. (COMMENT: THE SWISS TOOK THIS ACTION IN FACE OF A HOSTILE EC, AND IT WOULD BE APPROPRIATE FOR THE US DELEGATION TO EXPRESS AGAIN ITS APPRECIATION OF THE SWISS ROLE.) SWITZERLAND STRESSES THE HARMONIZATION GOAL IN ITS TARIFF APPROACH, ITS OWN INDUSTRIAL TARIFFS BEING VERY LOW. THE SWISS DESIRE TO MINIMIZE EXCEPTIONS IS FURTHERED IN THEIR VIEW BY THE ELEMENT OF HARMONIZATION.
3. SECTORS. THE SWISS AND US VIEWS ON THE SECTOR APPROACH HAVE BEEN ESSENTIALLY THE SAME: THE TECHNIQUE MIGHT HAVE APPLICABILITY AT A LATER STAGE BUT IT WOULD BE PREMATURE TO NEGOTIATE ON A SECTORAL BASIS IN ADVANCE OF ELABORATING THE GENERAL APPROACH ON TARIFFS AND NTMS.

4. AGRICULTURE. WITH ITS HIGH LEVEL OF AGRICULTURAL PROTECTION, THE SWISS HAVE BEEN PREDICTABLY RELUCTANT TO PARTICIPATE IN EFFORTS TO MOVE TOWARD LIBERALIZATION OF TRADE. THEIR INTERESTS ARE NOT MONOLITHIC, HOWEVER, BEING A NET IMPORTER OF MANY FOODSTUFFS WITH THE TRA-
DITIONAL CONCERNS OF CONSUMERS OVER SECURE ACCESS TO
LIMITED OFFICIAL USE

SUPPLIES. SWITZERLAND'S AGRICULTURAL PROTECTIONISM STEMS FROM TWO CONCERNS: THE NEED TO PROVIDE A MINIMUM FOOD SUPPLY IN THE EVENT OF WAR AND THE SOCIAL PROBLEM IN MAINTAINING POPULATION IN SOME OF THE RURAL EASTERN CANTONS. IN THE MTN THE SWISS HAVE NOT TAKEN AN ACTIVE ROLE IN THE AGRICULTURAL DISCUSSIONS, PREFERRING NOT TO GET INVOLVED IN THE US-EC DEBATE. GIVEN SWITZER-
LAND'S DESIRE TO MAINTAIN A HIGHLY PROTECTED AGRICULTURE, IT WILL USUALLY FIND IT MORE COMFORTABLE TO BE IN THE EC CONRNER. THE SWISS HAVE PROVED LESS DOCTRINAIRE THAN THE EC, HOWEVER, FOR EXAMPLE, THEY WERE WILLING TO CONSULT ON ALL MEASURES IN THE FRAMEWORK OF THE QR SUBGROUP, WITHOUT PREJUDICE TO THEIR POSITION OF PRINCIPLE THAT PROBLEMS RELATING TO AGRICULTURAL PRO-
DUCTS MUST BE TREATED IN THE SPECIFIC CONTEXT OF AGRI-
CULTURE. THE SWISS IN DISCUSSING THEIR TARIFF FORMULA PROPOSAL DID NOT RULE OUT ITS APPLICATION TO AGRI-
CULTURAL PRODUCTS WHERE APPROPRIATE. AS A RESULT OF PROCEDURES WORKED OUT IN THE AGRICULTURE GROUP, THE US AND SWITZERLAND HELD USEFUL CONSULTATIONS IN APRIL ON THEIR RESPECTIVE NOTIFICATIONS.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 06090 02 OF 02 212002Z
ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
OMB-01 FEA-01 OIC-02 EUR-12 /103 W
----------022838 212013Z /70
P R 211419Z JUL 77
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 9488
INFO AMEMBASSY BERN

LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 6090

5. TROPICAL PRODUCTS. SWITZERLAND RESPONDED AFFIRM-
ATIVELY ON ABOUT HALF OF THEITEMS REQUESTED OF IT BY
LDCS. AS ITS TROPICAL PRODUCT OFFER CONSISTED ENTIRELY
OF GSP IMPROVEMENTS, SWITZERLAND DID NOT REQUEST
CONTRIBUTIONS FROM DEVELOPING COUNTRIES. IT NOTED THAT
ITS OFFER WAS IN KEEPING WITH THE SENTENCE IN THE TOKYO
DECLARATION CALLING FOR THE "MAINTENANCE AND
IMPROVEMENT" OF GSP. ON AT LEAST ONE OCCASION, HOWEVER,
THE SWISS REPRESENTATIVE HAS MENTIONED THE NEED OF DEVEL-
OPING COUNTRIES TO CONTRIBUTE TO THE MTN. IN PRIVATE
CONVERSATION THE SWISS HAVE TALKED ABOUT SOME
CONCEPT OF "GRADUATION" AS THE MAXIMUM THAT MIGHT BE
OBTAINED IN TERMS OF LDC RECIPROCITY.
6. SAFEGUARDS. SWISS PARTICIPATION IN THE WORK OF
GROUP SAFEGUARDS HAS BEEN IN THE FORM OF LENGTHY,
SOMEWHAT PHILOSOPHICAL STATEMENTS IN WHICH THEIR POSI-
TION ON KEY ISSUES, SUCH AS SELECTIVITY AND RETALIATION/
COMPENSATION, HAS BEEN CAREFULLY HEDGED. THE SWISS
SEEM TO FAVOR GREATER TRANSPARENCY IN THE SAFEGUARD
SYSTEM AND GREATER STRESS ON TEMPORARINESS, BUT HAVE
SHOWN NO INTEREST IN LEADING WITH CONCRETE PROPOSALS.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 06090 02 OF 02 212002Z

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

SWITZERLAND'S POSITION UNDER ITS OWN PROTOCOL OF
ACCESSION (WITH A DE FACTO CONTINUING SAFEGUARD FOR
THE AGRICULTURAL SECTOR) LIMITS ITS ABILITY TO COMMENT
FROM EXPERIENCE.
7. FRAMEWORK GROUP (FG). THE SWISS MADE A COMPREHENSIVE
STATEMENT AT THE FEBRUARY FG MEETING ADDRESSING ALL
TOPICS IN THE GROUP ALONG LINES QUITE COMPATIBLE WITH
US THINKING AND DIRECTED PRIMARILY TO THE QUESTION OF
APPROPRIATE RULES FOR LDC PARTICIPATION IN THE GLOBAL
TRADING SYSTEM. COMMENT: WE SUGGEST THAT THE US
SIDE REVIEW THAT STATEMENT (FR/W/10) AND, IN LIGHT OF IT,
PROBE THE SWISS FOR CONCRETE IDEAS ON (A) "GRADUATION"
AND OTHER DEVICES TO STRENGTHEN RESPONSIBLE LDC PARTI-
CIPATION IN TRADING SYSTEM, AND (B) HOW TO MOVE BOP
DISCUSSION AMONG DCS IN PRODUCTIVE DIRECTION, I.E., HOW
TO DRAW OUT POSITIVE IDEAS FROM EC (DUNKEL HAS STRONG
PERSONAL INTEREST IN LATTER ITEMS). ANY SWISS SUGGESTIONS
FOR DEALING WITH CANADIAN RECALCITRANCE ON EXPORT RE-
STRICTIONS WOULD ALSO BE HELPFUL . END COMMENT.
8. NONTARIFF MEASURES. SWISS PARTICIPATION IN THE WORK
OF THE NTM SUBGROUPS HAS BEEN MOST APPARENT IN
QRS, STANDARDS, AND GOVERNMENT PROCUREMENT. THEY HAVE
HAD LITTLE TO SAY ON CUSTOMS MATTERS AND SUBSIDY-COUNTER-
VAIL. IN QRS THE SWISS DID NOT SUPPORT OUR PROPOSAL FOR
MULTILATERAL NOTIFICATION/CONSULTATION PROCEDURES BUT
THEIR PROPOSAL TO INCLUDE EXPORT LICENSING IN THE
CONTEXT OF LICENSING TEXTS WAS HELPFUL TO US. THE
SWISS POSITION IN THE STANDARDS GROUP HAS BEEN PRAGMATIC;
THEIR OBJECTIVE APPEARS TO BE AS SPECIFIC AND MANDA-
TORY A STANDARDS CODE AS POSSIBLE. THE SWISS HAVE SHOWN
A MORE ACTIVE INTEREST IN GOVERNMENT PROCUREMENT, BEING
ONE OF THE DEVELOPED COUNTRIES PARTICIPATING IN PLURI-
LATERAL DRAFTING SESSIONS. IN THIS CONNECTION THE SWISS
LIMITED OFFICIAL USE

HAVE OFFERED TO DO PAPERS ON EX POST PUBLICITY, SPECIAL
AND DIFFERENTIAL TREATMENT FOR LDCS, AND THE RELATIONSHIP OF THE
PROPOSED CODE TO THE GATT. THE SWISS BELIEVE IN THE
POSSIBILITY OF DRAFTING INTERNATIONAL RULES
ON GOVERNMENT PROCUREMENT AND HAVE STATED THAT
THE OECD DRAFT CODE IS A GOOD GUIDE FOR THE MTN SUB-
GROUP. AT THIS STAGE THE US AND THE SWISS SHOULD
BE ABLE TO WORK TOGETHER IN HARMONY TO DEVEOP A NEGO-
TIATING DRAFT TEXT. ONCE WE REACH THE SECOND STAGE OF
NEGOTIATIONS CONCERNING COVERAGE, HOWEVER,
OUR POSITIONS MAY DIVERGE SOMEWHAT.CULBERT

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, NEGOTIATIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA06090
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770259-1259
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770735/aaaabdlr.tel
Line Count: 220
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 88e96d66-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1794501
Secure: OPEN
Status: NATIVE
Subject: US-SWISS INTENSIVE BILATERALS
TAGS: ETRD, EAGR, SZ, US, MTN
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/88e96d66-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009